

Message Text

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PAGE 01 ROME 20417 161453Z
ACTION EB-07

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SUBJECT: CIVAIR: ITALIAN CHARTER POLICY

REF: (A) STATE 301055; (B) ROME 18801

1. DURING CALL ON DIRECTOR GENERAL OF CIVIL AVIATION (DGCA) DAVIDE COLLINI AND DR. LIOI OF CIVILAVIA ON DECEMBER 14, ECMIN AND EMBOFF RAISED PROBLEM CREATED BY LACK OF CHARTER RULES BEYOND MARCH 31, 1977, AND CHARGES THAT ALITALIA USING INSIDER KNOWLEDGE TO TAKE ADVANTAGE OF SITUATION TO LINE UP PROGRAMS AND CONTRACTS. WE PRESENTED COLLINI WITH CLIPPING FROM 24 ORE (BUSINESS DAILY), INDICATING ALITALIA ALREADY HAS LINED UP CONTRACTS WITH THREE TOUR AGENTS IN THE U.S. COVERING 67 FLIGHTS DURING THE SUMMER SEASON, AND ALITALIA PROGRAM PAMPHLETS IN WHICH TOUR PRICES FOR THAT SEASON ARE PROVIDED.

2. COLLINI AND LIOI INSISTED THAT ALITALIA CANNOT KNOW WHAT CHARTER REGULATIONS WILL PROVIDE, ESPECIALLY IN REGARD TO PRICES, BECAUSE DECISIONS HAVE NOT YET BEEN MADE. THEY ALSO REFUSED TO COMMIT THEMSELVES ON WHETHER GOI WOULD ACCEPT US ORIGIN ABC RULES OR EVEN ECAC-ACCEPTED 45 ADVANCE PURCHASE PERIOD. NEITHER DGCA NOR LIOI WOULD PREDICT WHEN REGULATIONS MIGHT BE APPROVED AND ISSUED ALTHOUGH THEY LEFT IMPRESSION
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PAGE 02 ROME 20417 161453Z

THAT NEW RULES MIGHT BE ISSUED BEFORE CHRISTMAS. DGCA APOLOGIZED FOR HIS EARLIER PREDICTION (REF B) THAT RULES WOULD BE OUT BY NOVEMBER 30, SAYING HE HAD NO IDEA SO MANY MATTERS WOULD CROP UP TO INTERFERE WITH REVISION OF THE RULES. HE APPEARED TO BE SINCERE IN STATING HE WOULD MAKE EVERY EFFORT TO GET THE RULES ISSUED AS SOON AS POSSIBLE.

3. EMBOFF OBSERVED THAT SINCE ALITALIA AND SOME U.S. CHARTER AND TOUR GROUPS HAVE ARRANGED PROGRAMS BEFORE ISSUANCE RULES, CIVILAVIA WOULD BE FACED WITH SAME KIND OF PROBLEMS IN DEALING WITH REQUESTS FOR WAIVERS AS IN EARLIER YEARS. COLLINI COULD ONLY RUEFULLY AGREE.

4. EMBASSY HAS GAINED IMPRESSION FROM CONTACTS WITH AGENTS FOR U.S. CHARTER COMPANIES THAT AT LEAST SOME U.S. COMPANIES HAVE ALSO DECIDED TO FORMULATE PROGRAMS, PRINT BROCHURES, ETC., IN ABSENCE OF RULES BEYOND MARCH 31, 1977, BECAUSE THEY FELT THEY HAD LITTLE CHOICE IN THE MATTER. WE HAVE NO WAY OF ESTIMATING WHAT PROPORTION OF PROGRAMS FOR THE 1977 SEASON ALREADY HAVE BEEN SET, BUT OUR SOURCES INDICATE A MAJORITY ARE BY NOW ARRANGED. AT LEAST UNTIL THE NEW ITALIAN RULES COME OUT WE PROBABLY WILL NOT HAVE INDICATION WHETHER ALITALIA HAS USED INSIDER KNOWLEDGE, BUT IT IS LIKELY THAT ALITALIA'S FRIENDS IN CIVILAVIA HAVE AT LEAST KEPT ALITALIA INFORMED OF PREVAILING IDEAS AND DRAFT RULES.

5. IN VIEW OF CONTINUING UNCERTAINTY ABOUT TIMING OF ISSUANCE OF ITALIAN CHARTER REGULATION, WE HAVE TWO SUGGESTIONS: FIRST, THAT U.S. CHARTER AND TOUR COMPANIES BE URGED TO SUBMIT THE PROGRAMS THEY ALREADY HAVE ARRANGED AS EARLY AS POSSIBLE IN ORDER TO (A) MAKE POINT THAT ITALIAN RULES WILL BE TOO LATE TO BE TIGHTLY BINDING FOR 1977 SEASON, AND (B) POSSIBLY INFLUENCE GOI RULEMAKERS TO ACCEPT SOMETHING CLOSER TO WHAT U.S. INDUSTRY BELIEVES IS APPROPRIATE; SECOND, THAT LATENESS OF ITALIAN CHARTER RULES AGAIN BE A TOPIC DURING CONSULTATIONS WITH A VIEW TO WINNING FROM ITALIAN SIDE CONCESSION THAT RULES BE APPLIED LIMITED OFFICIAL USE

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PAGE 03 ROME 20417 161453Z

LIBERALLY, OR WAIVERS GRANTED.

6. EMBOFF HAS DISCUSSED MATTER WITH PAA LOCAL MANAGER, WHO AGREED THAT BEST TACTIC MIGHT NOW BE TO GO AHEAD AND SUBMIT WHATEVER PROGRAMS ALREADY ARRANGED (HE THOUGHT PAA AFFILIATES MIGHT HAVE SOME) AND FOLLOW COURSE OUTLINED ABOVE. BEAUDRY

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